



House of Representatives

General Assembly

File No. 108

January Session, 2005

House Bill No. 6795

House of Representatives, March 30, 2005

The Committee on Higher Education and Employment Advancement reported through REP. WILLIS of the 64th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING THE PRIVATE OCCUPATIONAL STUDENT PROTECTION ACCOUNT.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (c) of section 10a-22c of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2005*):

4 (c) No certificate to operate a new private occupational school shall
5 be issued by the commissioner pursuant to section 10a-22d until such
6 private occupational school seeking authorization files with the
7 commissioner an irrevocable letter of credit in the penal amount of
8 [ten] twenty thousand dollars guaranteeing the payments required of
9 the school to the private occupational school student protection
10 account in accordance with the provisions of section 10a-22u. The letter
11 of credit shall be payable to the private occupational school student
12 protection account in the event that such school fails to make

13 payments to the account as provided in subsection (a) of section 10a-
14 22u or in the event the state takes action to reimburse the account for a
15 tuition refund paid to a student pursuant to the provisions of section
16 10a-22v, provided the amount of the letter of credit to be paid into the
17 private occupational school student protection account shall not
18 exceed the amounts owed to the account. The letter of credit required
19 by this subsection shall be excused once a school has paid in excess of
20 [ten] twenty thousand dollars into the private occupational school
21 student protection account or [five] eight years from the date of initial
22 approval, whichever occurs first.

This act shall take effect as follows and shall amend the following sections:

Section 1	July 1, 2005	10a-22c(c)
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HED *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note**State Impact:**

Agency Affected	Fund-Effect	FY 06 \$	FY 07 \$
Higher Ed., Dept.	GF - None	None	None

Note: GF=General Fund

Municipal Impact: None

Explanation

Passage of this bill is not anticipated to result in a fiscal impact to the state. The private occupational school student protection account (POSA) is a non-General Fund account funded by private occupational school quarterly payments that are equal to one half of one percent of tuition received by the school, per calendar quarter. If a school becomes insolvent prior to meeting the minimum payment requirements, the money that is used to reimburse students is taken from the POSA. The funds that are taken from the account to reimburse students could potentially be quarterly payments that were made on behalf of other occupational schools. The increased letter of credit will provide additional funds to reimburse students, without decreasing the balance of the POSA.

The requested letter of credit is a lien on the school's financial accounts. The letter of credit is not cash, and no additional money will be added to the POSA.

OLR Bill Analysis

HB 6795

AN ACT CONCERNING THE PRIVATE OCCUPATIONAL STUDENT PROTECTION ACCOUNT**SUMMARY:**

This bill doubles, from \$10,000 to \$20,000, the amount of the irrevocable letter of credit new private occupational schools must obtain. It also extends the period for which schools must maintain their letter of credit from five to eight years from the date they were approved to operate or until they pay \$20,000, rather than \$10,000, into the private occupational school student protection account, whichever occurs first.

By law, schools must obtain the letter of credit as a condition of doing business. The letter guarantees their required payments to the occupational school student protection account, which is available to reimburse students if a school closes or becomes insolvent.

EFFECTIVE DATE: July 1, 2005

COMMITTEE ACTION

Higher Education and Employment Advancement Committee

Joint Favorable Report

Yea 20 Nay 0